

# Legislative Analysis

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## MANAGEMENT AND BUDGET ACT – DISPOSAL OF SURPLUS MDOT EQUIPMENT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5701 (H-1)**  
**Sponsor: Rep. Larry Inman**  
**Committee: Appropriations**  
**Complete to 6-1-16**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5701 (H-1) would require the Michigan Department of Technology, Management, and Budget (DTMB) to make surplus snow removal equipment, or surplus road construction or maintenance equipment that had been owned by the Michigan Department of Transportation (MDOT) available for sale to local road agencies, at fair market price, before otherwise disposing of it.

Section 267 of the Management and Budget Act (Public Act 431 of 1984) provides for the disposal of surplus, salvage, and scrap material. The section gives authority over the state surplus program to "the department," a defined term in the Management and Budget Act meaning the Department of Technology, Management and Budget (DTMB).

The section currently permits DTMB to dispose of surplus, salvage, or scrap material by donating or selling the property or equipment to a local unit of government. The section indicates that "if a unit of local government is not interested in the property or equipment, the department [DTMB] may sell the surplus, salvage, or scrap at auction."

House Bill 5701 would add a new Subsection (4) to Section 267 (MCL 18.1267) specific to the disposal of surplus equipment owned by the Michigan Department of Transportation (MDOT).

The bill would require that, beginning October 1, 2016, prior to donating, disposing of, or selling any snow removal equipment, or surplus road construction or maintenance equipment that was owned by MDOT, the department [DTMB] make that equipment available for sale to local road agencies at fair market price. The bill would define "local road agencies" as that term is defined in Sec. 9a of Public Act 51 of 1951, i.e. "a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within the state [...]." The bill directs the department [DTMB] to issue directives to implement the provisions of the proposed new subsection.

### FISCAL IMPACT:

Under current law and practice, excess or surplus MDOT equipment is sold through DTMB public auction. Local agencies are currently eligible to bid for equipment at auction.

MDOT currently realizes approximately \$420,000 per year from the sale of excess or surplus equipment (three-year average). These proceeds are credited to the State Trunkline Fund, a state restricted fund used to support preservation of the state trunkline highway system.

It is not clear if the bill would affect how much MDOT currently realizes through the sale of surplus equipment. Although the bill provides for the sale of surplus MDOT equipment at fair market price, it is not clear how a sales price would be determined in closed sales to local road agencies. Representatives of local road agencies have testified that making surplus MDOT equipment available for sale to local road agencies would result in a cost savings to local road agencies.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.